

Message Text

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FM USMISSION GENEVA

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C O N F I D E N T I A L GENEVA 7151

NODIS

FOR SISCO AND ATHERTON FROM SAUNDERS

EO: 11652: GDS

TAGS: EG IS PFOR

SUBJ: GENEVA WORKING GROUP -- TRANSFER OF SINAI OILFIELDS

1. THIS MAY TELL YOU MORE THAN YOU WANT TO KNOW ABOUT PROBLEMS
POSED BY TRANSFER OF SINAI OILFIELDS FROM ISRAEL TO EGYPT, BUT
YOU WILL BE RELIEVED THAT NO ACTION IS REQUIRED -- YET. HOWEVER,
SINCE THIS COULD LEAD TO MAJOR POLITICAL PROBLEM FOR SADAT AND
SINCE WE COULD GET URGENT SOS FROM EGYPTIANS IN DAYS AHEAD, I
THOUGHT IT WOULD BE WORTH EXPLAINING PROBLEM SO ALL INVOLVED WILL
HAVE TIME TO THINK ABOUT IT.

2. THERE ARE TWO PROBLEMS -- NEED FOR NON-EGYPTIAN TECHNICIANS
DURING BRIEF PERIOD OF TRANSFER AND WHETHER OR NOT ISRAELIS WILL
LEAVE ALL EQUIPMENT NECESSARY TO KEEP OIL FIELDS RUNNING.

3. THE MAIN PROBLEM -- NEED FOR NON-EGYPTIAN TECHNICIANS --
ARISES FROM EGYPTIAN COMPULSION NOT TO HAVE DIRECT CONTACT BETWEEN
ISRAELI AND EGYPTIAN TECHNICIANS. EGYPTIANS HAVE STANDING BY
FULL-FLEDGED ORGANIZATION READY TO MOVE IN AND OPERATE OILFIELDS
ONCE EGYPT IS IN FULL POSSESSION. MANAGERIAL NUCLEUS OF THIS
GROUP IS SAME AS ORGANIZATION THAT LEFT OILFIELDS IN 1967. SINCE
EGYPTIANS HERE SEE NECESSITY OF GOING TO CONSIDERABLE LENGTHS TO
AVOID PHOTOGRAPHS OF ISRAELIS AND EGYPTIANS MEETING, THEIR IDEA
IS THAT MOBIL (RAS SUDAL) AND ENI (ABU RODEIS AND BELAYIM) WOULD
HIRE TECHNICIANS TO MEET WITH ISRAELIS, SURVEY OILFIELDS, TAKE
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INVENTORY, VERIFY THAT EVERYTHING IS OPERATING, TAKE OVER FOR

4-14 DAYS, AND FINALLY TURN FIELDS OVER TO EGYPTIAN ORGANIZATION. THUS PRINCIPAL PURPOSE OF THESE TECHNICIANS IS TO SERVE AS BUFFER BETWEEN ISRAELIS AND EGYPTIANS.

4. IN RAS SUDAR FIELDS, WHICH ARE SMALL, THERE IS NO APPARENT PROBLEM. SOMETHING LIKE 8 TECHNICIANS COULD APPARENTLY DO THE JOB, AND MOBIL, ACCORDING TO EGYPTIANS, IS READY TO PROVIDE THEM. BIG PROBLEM IS IN ABU RODEIS AND BELAYIM FIELDS, WHERE THERE ARE 5 SEPARATE LOCATIONS, INCLUDING SOME OFF SHORE. HERE THERE ARE TWO OPTIONS:

A. WITH ABOUT 120 TECHNICIANS, ENI COULD PERFORM ALL TASKS DESCRIBED ABOVE AND TURN FIELDS OVER TO EGYPTIANS IN FULL OPERATION.

B. ALTERNATIVE IS TO HAVE 20-40 TECHNICIANS VERIFY EACH OF 5 STATIONS IN TURN AND CLOSE IT DOWN. REASON FOR EVEN THINKING OF SECOND OPTION IS THAT ENI SAYS IT DOES NOT BELIEVE IT CAN RECRUIT 120 TECHNICIANS NECESSARY TO PURSUE FIRST OPTION. ISRAELIS HAVE ALSO EXPRESSED PREFERABILITY OF DEALING WITH SMALLER NUMBER OF FOREIGN TECHNICIANS.

5. AS YOU WILL IMMEDIATELY SEE, IMAGERY OF OIL FIELDS CLOSING DOWN AS SOON AS EGYPT TAKES OVER POSES MAJOR POLITICAL DISADVANTAGE FOR SADAT. AS I UNDERSTAND IT, AT LEAST ONE MONTH REQUIRED BEFORE FIELDS COULD BE STARTED UP AGAIN, AND I AM TOLD THAT THERE IS DANGER WITH SOME OFF SHORE FIELDS THAT IT MAY BE IMPOSSIBLE TO EVER START THEM UP AGAIN ONCE THEY ARE CLOSED. THUS, SECOND OPTION WHICH BOTH ENI AND ISRAELI TECHNICIANS SEEM TO PREFER WOULD NOT SEEM TO WORK TO SADAT'S ADVANTAGE. EGYPTIAN DELEGATION HERE REALIZES THIS AND IS WORKING WITH CAIRO TO MAKE ITS CHOICE BETWEEN THE TWO OPTIONS POSED.

6. IN FIRST INSTANCE, WE WILL CERTAINLY WANT TO LEAVE THIS PROBLEM TO EGYPTIAN GOVERNMENT. HOWEVER, IF EGYPTIANS DECIDE TO TRY FOR FIRST OPTION, THIS WILL REQUIRE RECRUITMENT OF SUBSTANTIAL NUMBER OF SENIOR TECHNICIANS AND ENGINEERS FOR BRIEF PERIOD OF ONE OR TWO WEEKS. EGYPTIANS MIGHT VERY WELL TURN TO AMERICAN COMPANIES OPERATING IN EGYPT TO SEE WHETHER THEY COULD PROVIDE SUCH TECHNICIANS IF ENI UNABLE TO ASSEMBLE THEM. PRESUMABLY, EGYPTIANS COULD ALSO TURN TO SAUDIS TO SEE WHETHER ARAMCO COULD HELP. AT THAT POINT, IT IS CONCEIVABLE THAT USG MIGHT WANT TO MAKE CALLS TO SENIOR OFFICIALS

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CIALS OF OIL COMPANIES INVOLVED TO URGE HELP FOR EGYPTIANS, BUT THIS DECISION DOES NOT FACE US TODAY.

7. OTHER MAIN PROBLEM PENDING WITH REGARD TO TRANSFER OF OILFIELDS STEMS FROM FACT THAT, WHEN EGYPTIAN DELEGATION HERE ASKED ISRAELI TECHNICIANS HOW THEY DEFINE "INSTALLATIONS AND INFRASTRUCTURE", ISRAELIS RESPONDED THAT THEY PROPOSE TO LEAVE THAT EQUIPMENT WHICH IS "NON-MOBILE". EGYPTIAN TECHNICIANS IMMEDIATELY PROVIDED

LONG LIST OF SPECIALIZED EQUIPMENT WHICH IS NECESSARY TO RUN OIL-FIELDS AND WHICH CANNOT BE ACQUIRED ON OPEN MARKET ON SHORT NOTICE. ILLUSTRATIVELY, SUCH EQUIPMENT INCLUDES SPECIAL 30-40 TON OILFIELD TRUCKS WITH WINCHES, CRANES, SPECIALIZED BOATS AND LAUNCHES FOR SERVICE AND REPAIR OF OFF-SHORE RIGS, INTER-FIELD COMMUNICATIONS, AND SO ON. EGYPTIANS HAVE WISELY ASKED FOR DETAILED LIST OF WHAT ISRAELIS PLAN TO LEAVE, AND ISRAELIS HAVE PROMISED TO PROVIDE LIST BY WEEKEND. BUT IF ISRAELI OILFIELD MANAGERS ACTED ACCORDING TO PRESENT INSTINCT, EGYPTIANS COULD END UP WITHOUT EQUIPMENT NECESSARY TO KEEP OIL FLOWING.

8. TWO INTERESTING SIDELIGHTS EMERGING FROM TECHNICAL TALKS ARE THAT EGYPTIANS HAVE DISCOVERED FOUR OPERATING OILWELLS EAST OF LINE M, AS WELL AS SOURCE OF WATER FOR ABU RODEIS. DESPITE FAHMY'S EXCITEMENT ON SUNDAY, SHAFIR WITHOUT HESITATION OFFERED EGYPT USE OF WATER. FOUR OILWELLS EAST OF LINE M WILL BE CLOSED DOWN BY ISRAELIS, AND OIL CAN APPARENTLY BE DRAWN OFF BY WELLS WEST OF LINE M BECAUSE ALL ARE DRAWING FROM SAME RESERVOIR.

9. MAIN PROBLEM OUT OF ALL THIS IS WHAT WOULD SEEM TO ME TO BE DESIRABILITY OF AVOIDING CLOSEDOWN OF MAJOR OILFIELDS. IF AMB. EILTS IS TALKING TO RELEVANT AUTHORITIES IN CAIRO IT MIGHT BE INTERESTING FOR HIM TO PROBE GENTLY TO SEE WHETHER THEY HAVE FULLY GRASPED POLITICAL IMPORT OF SUCH CLOSEDOWN. CHOICE IS OBVIOUSLY EGYPTIAN, BUT HAP-HAZARD WAY EGYPTIANS HAVE RELATED STAFF WORK ON OIL AREA TO RECENT NEGOTIATIONS LEAVES CONSIDERABLE LACK OF CONFIDENCE THAT COORDINATION BETWEEN TECHNICAL AND POLITICAL PEOPLE IN CAIRO CAN BE ASSUMED.

10. DEPARTMENT PLEASE REPEAT TO CAIRO AND TEL AVIV.DALE

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